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Istook Votes to Kill ‘Death Tax’

Washington, DC -- Congressman Ernest Istook (R-OK) voted Wednesday to help bereaved families, small business owners, farmers, ranchers, and others by permanently repealing the “death tax.” The House of Representatives passed, 272-162, the “Death Tax Repeal Permanency Act of 2005” to permanently repeal the estate tax or “death tax”.

“It’s wrong to make people pay twice on the same income, but it’s been going on for years,” Istook said. **“We already pay income tax when we earn the money, sales tax when we spend the money, and capital gains tax when we invest the money. The government shouldn’t get greedy and ask for more when someone dies.”**

Congress voted to phase out the estate tax or “death tax” in 2001 as part of President Bush’s tax relief plan. However, if nothing is done, under current law, the tax would come back in full force in 2011. This bill would extend the repeal permanently beyond 2010.

According to the National Federation of Independent Businesses, more than 70% of small businesses do not survive the second generation, and 87% do not make it to the third generation. The death tax is the number one reason small businesses and family farms are broken up and sold to large corporations.

In addition to hurting small business, the death tax is the most expensive of all taxes to collect with 65 cents spent for every dollar raised. It may even cost the government and taxpayers more in administrative and compliance fees than it raises. For example, the Joint Economic Committee noted that “for every \$1 removed from the economy to pay estate taxes, another \$1 is wasted in order to comply with or legally avoid the tax.”

“This is a complex, unfair tax that costs both the government and the taxpayer as much or more to collect and comply with as it raises,” said Istook. **“It’s just common sense to permanently kill the death tax.”**